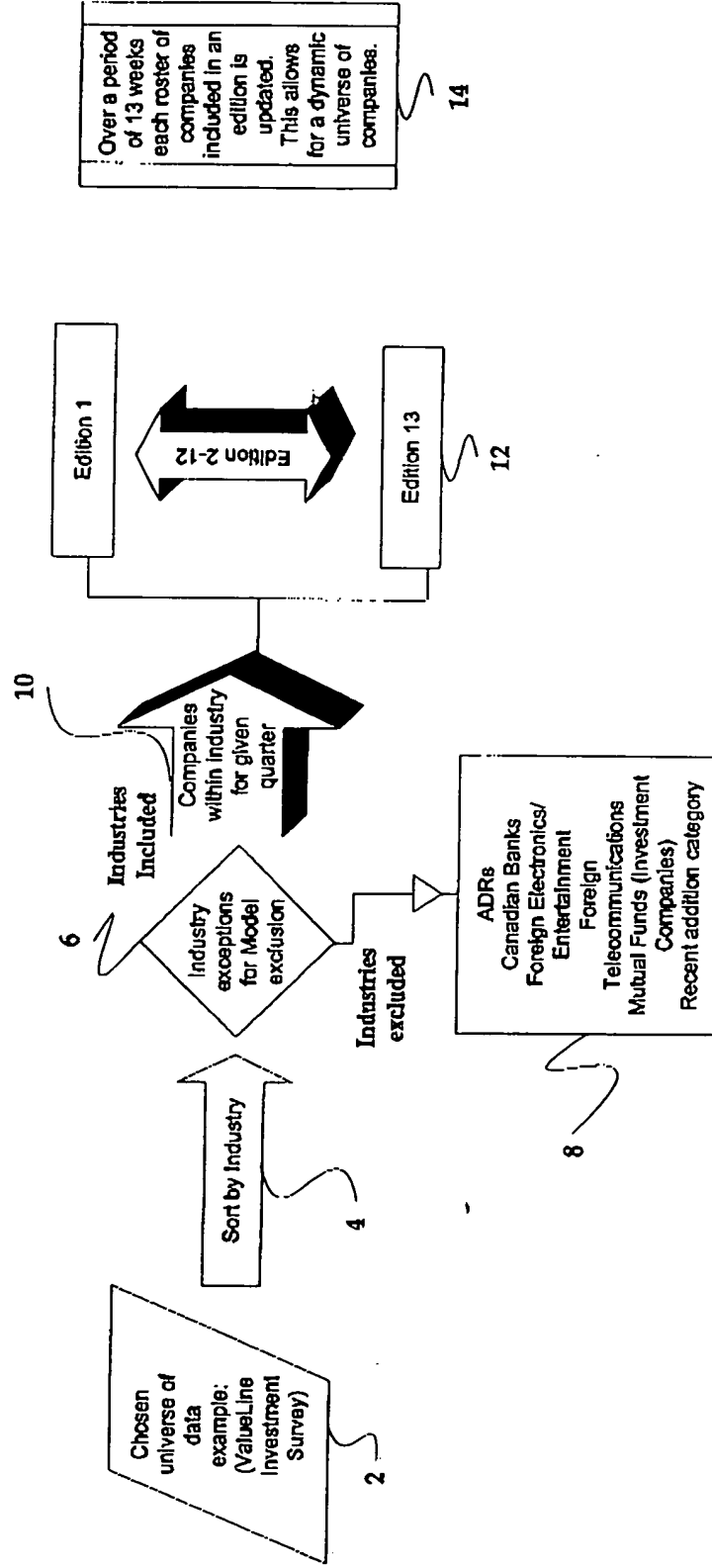


# Data Frame Phase (Universe Determination)



The Data Frame Phase determines the industries, companies, and time period to be included into the Model.

A different (of 13) edition is updated weekly by ValueLine and aggregated monthly by the model, so over a period of 3 months, all editions are updated.

Figure 1

# Data Intrusion Stage

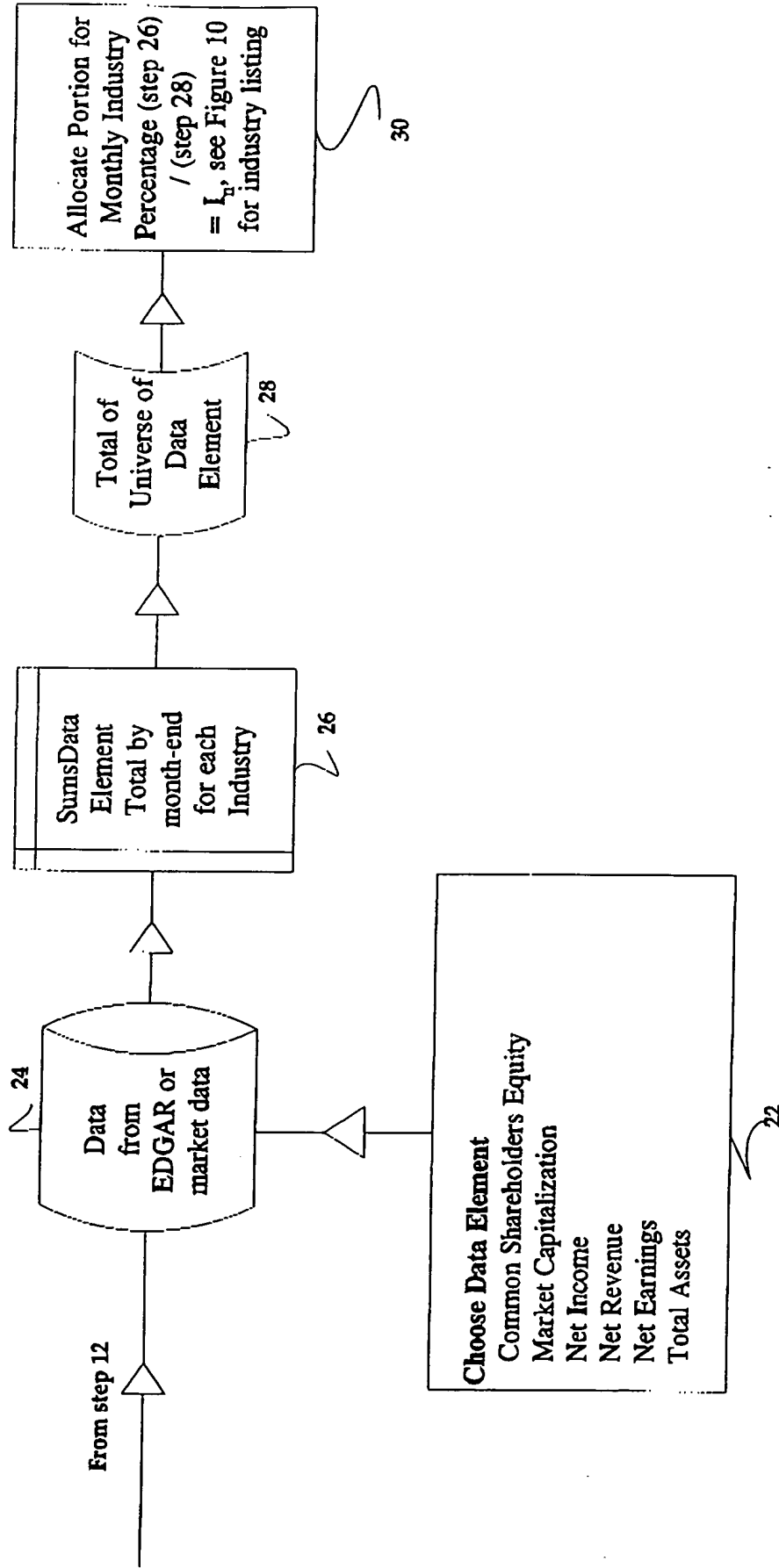


Figure 2

# Industry Representation Process for Chosen Individual Allocation Limit

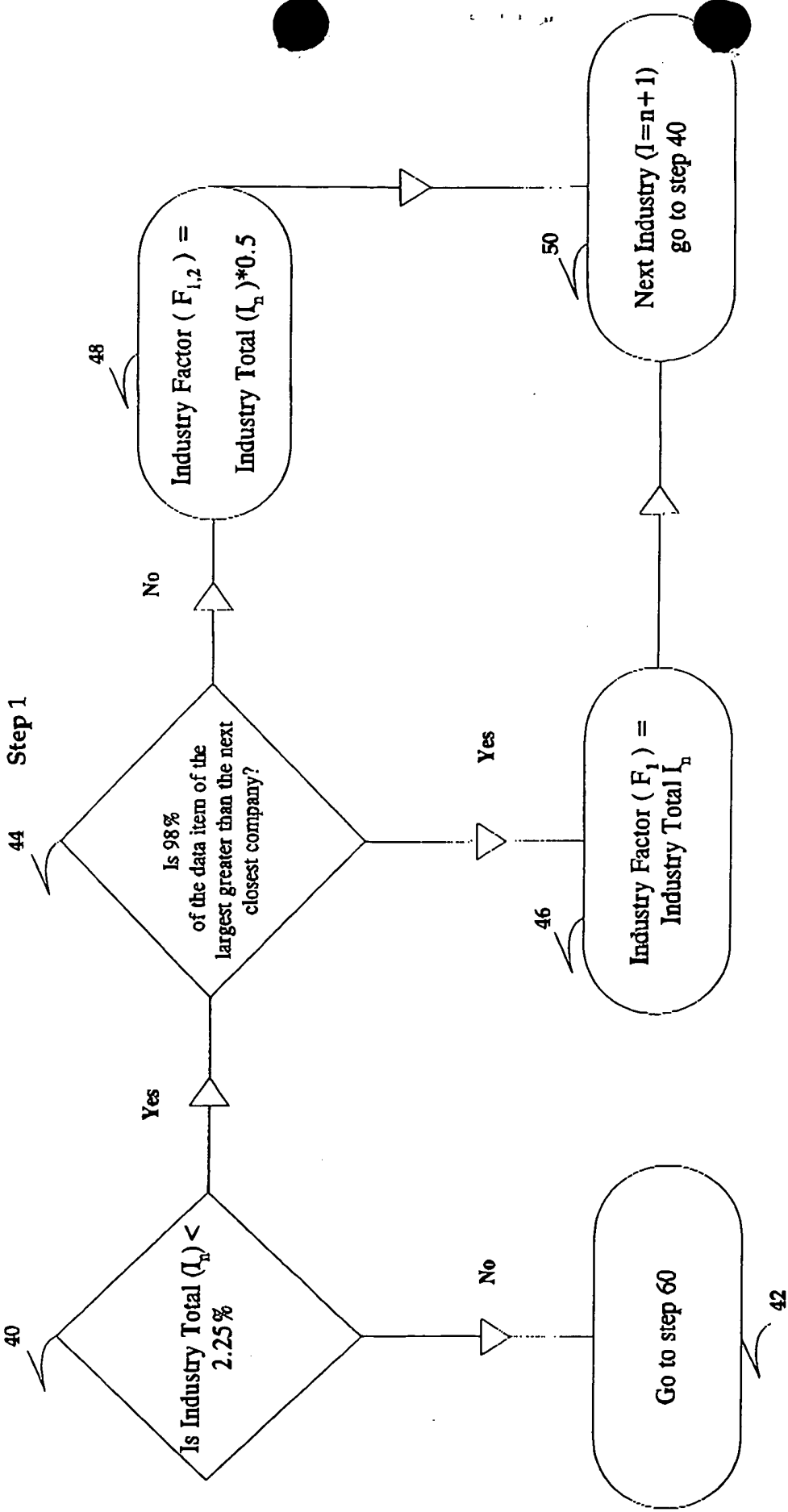


Figure 3

# Industry Representation Process for Chosen Individual Allocation Limit

Step 2

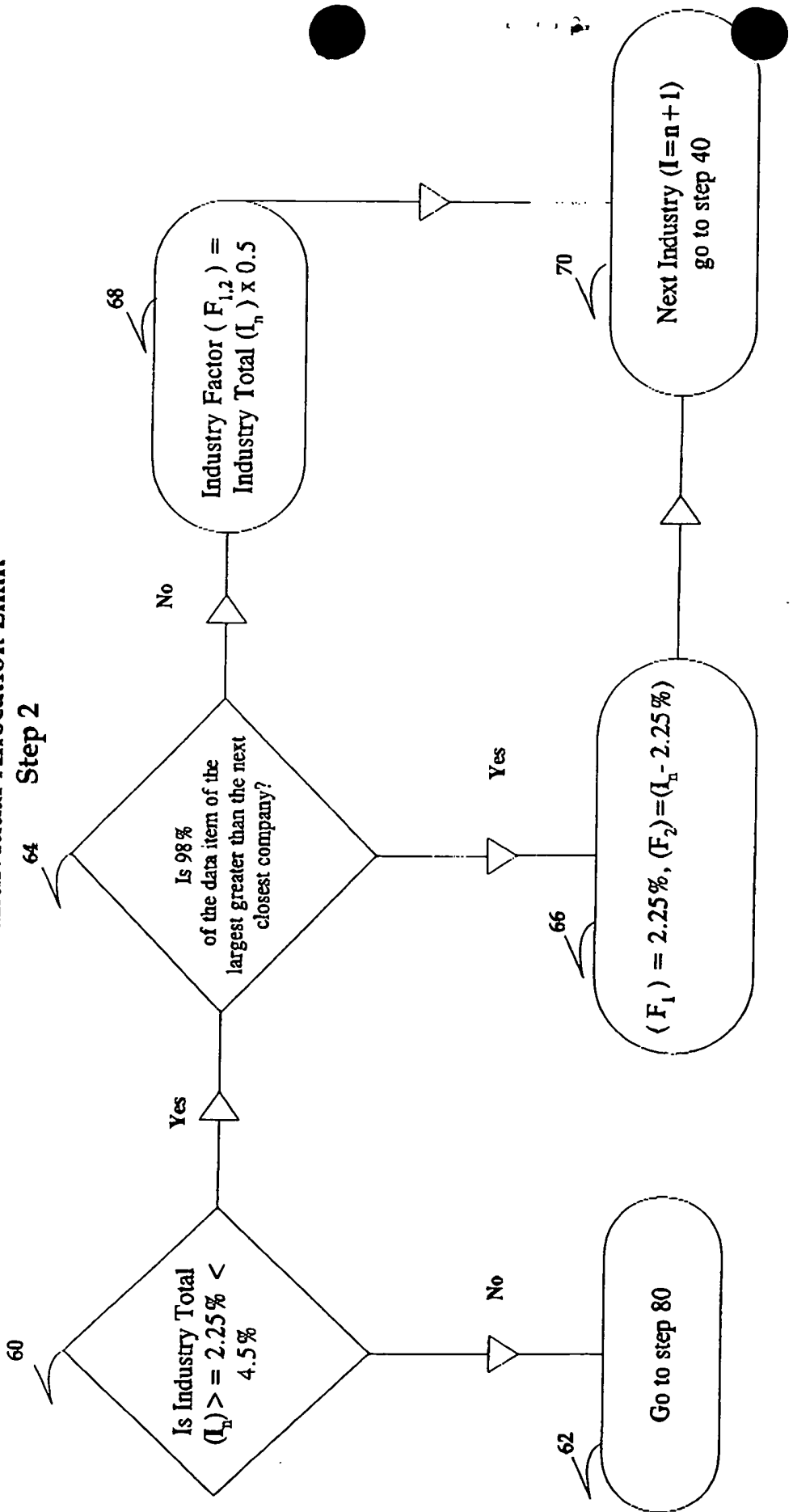


Figure 4

# Industry Representation Process for Chosen Individual Allocation Limit

## Step 3

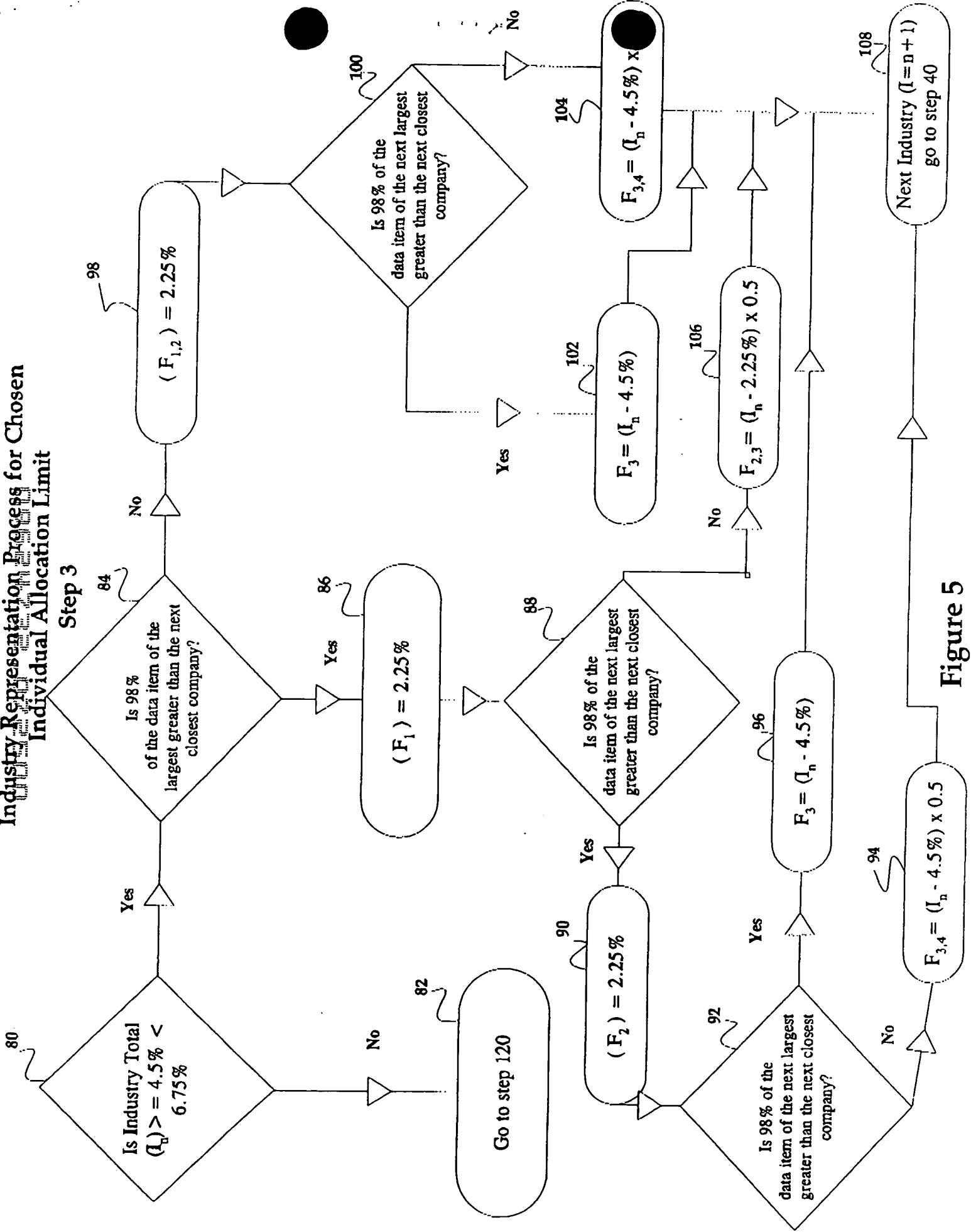


Figure 5

# Industry Representation Process for Chosen Individual Allocation Limit

## Step 4

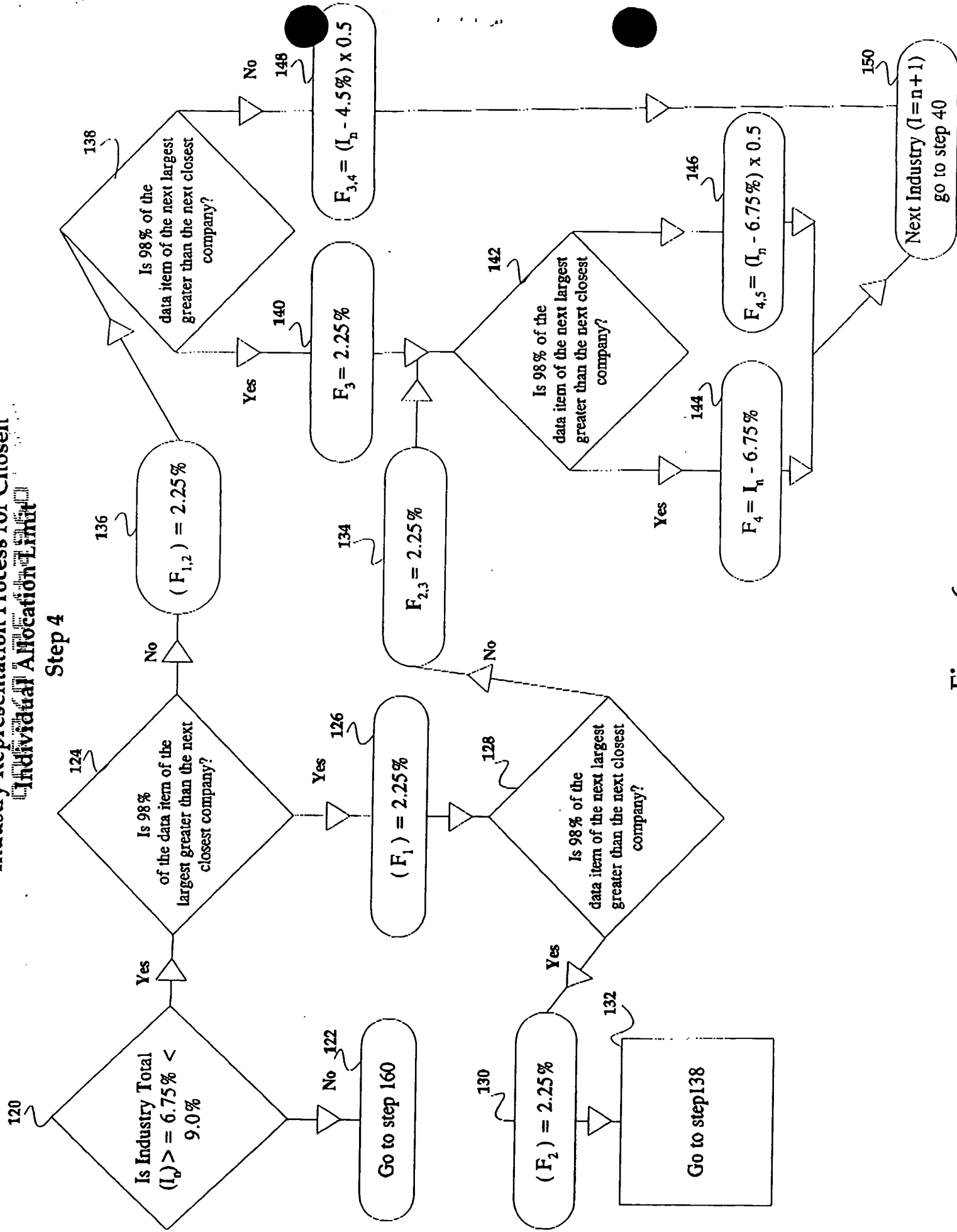


Figure 6

# Industry Representation Process for Chosen

## Individual Allocation Limit

### Step 5

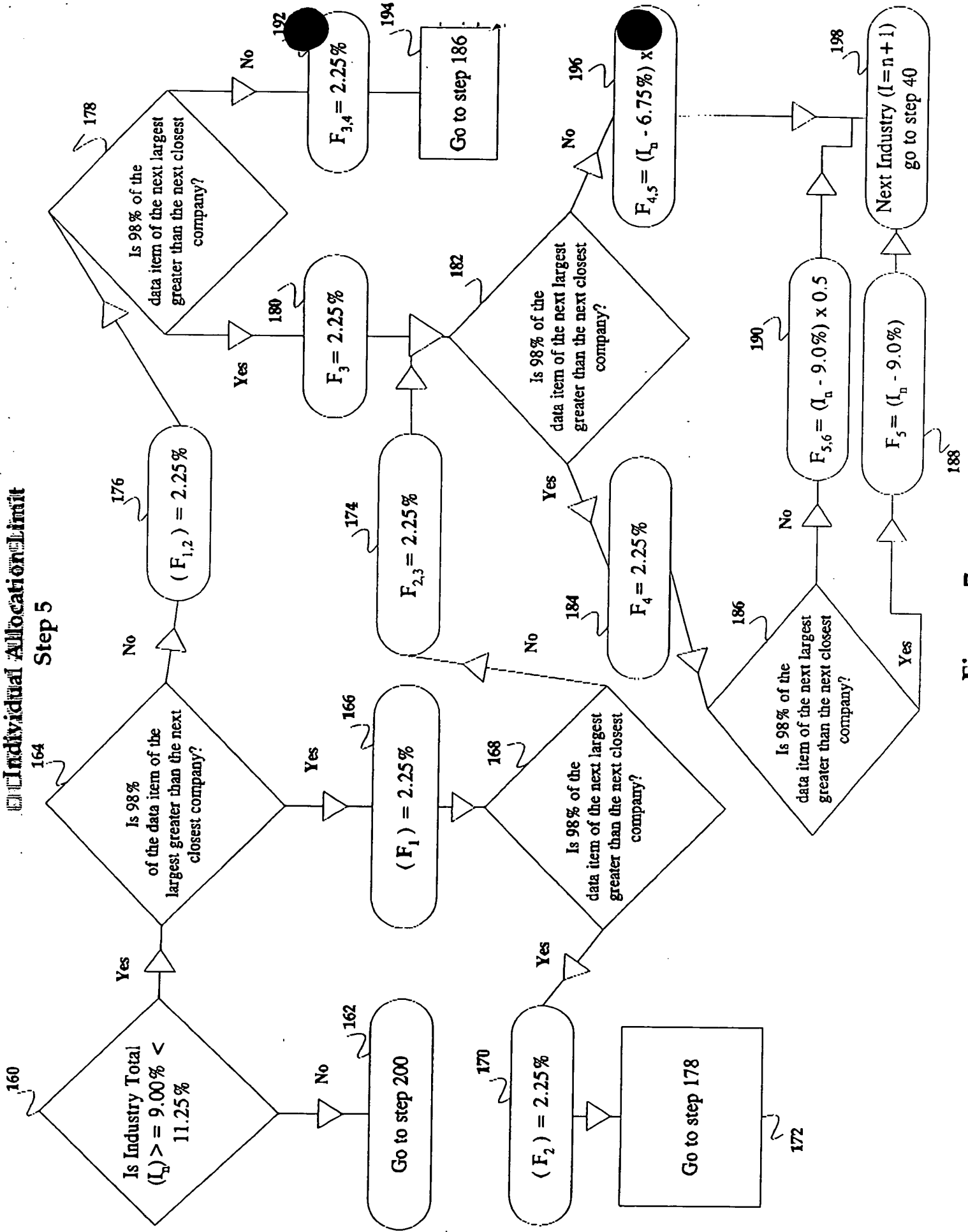


Figure 7

# Industry representation process for chosen

## Individual Allocation Limit

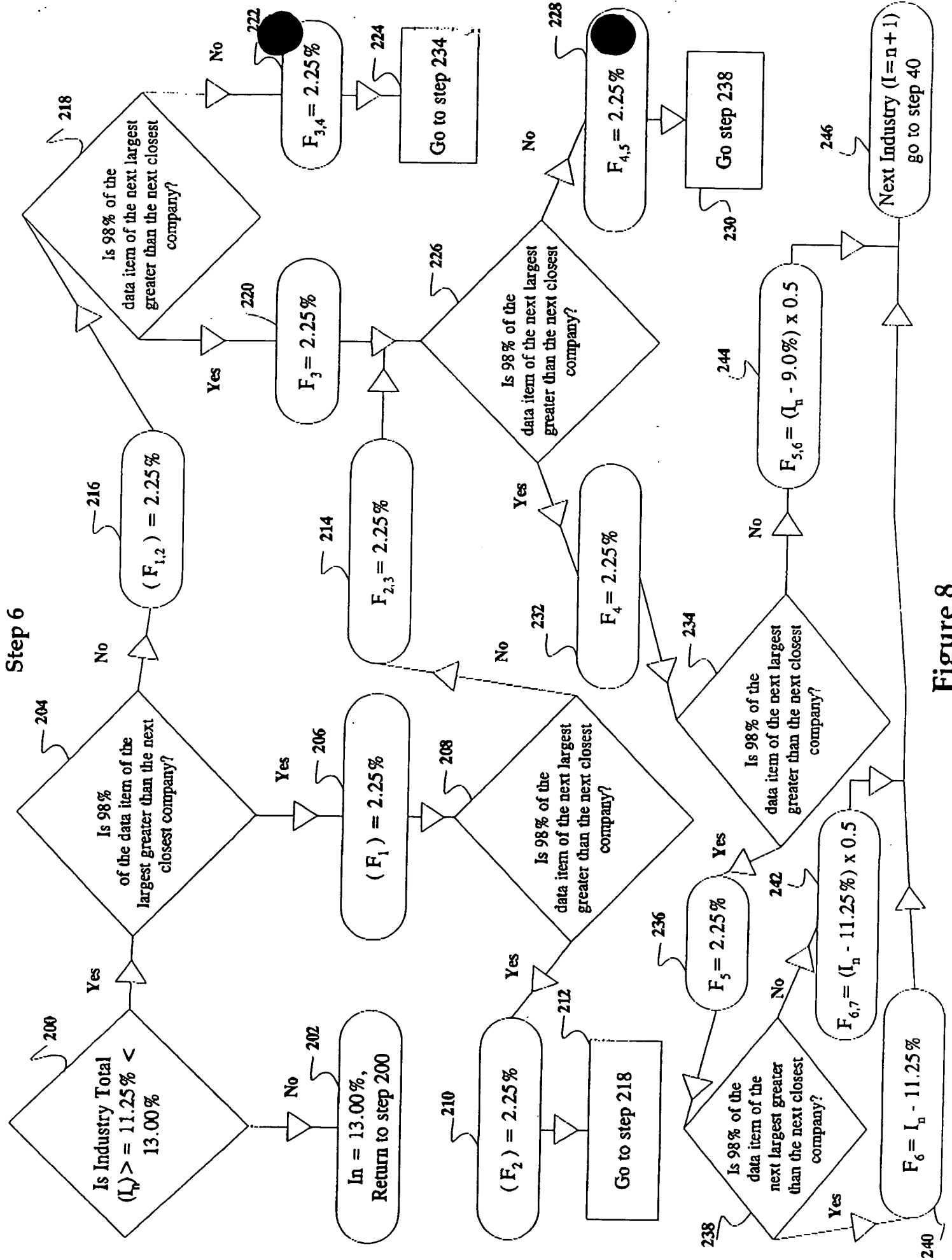


Figure 8



## Model Mechanics

### Variable Definitions:

F= Monthly investment factor (allocation)

Pb= Price at beginning of month

Pe= Price at end of month

I<sub>n</sub> = Industry(n)

C<sub>z</sub> = Company(z)

j = number of Industries

k = number of companies within Industry

lnCz= Company z within Industry n

BMValue= Value of Strategy model at end of preceding month (value of 1000 12/31/86)

Value of individual investments  
at the beginning of the month

$$\sum_{z=1}^k [ \sum_{n=1}^j F(lnCz) BMValue ]$$

Value of Strategy Model  
at the end of the month

$$\sum_{z=1}^k [ \sum_{n=1}^j ( F(lnCz) BMValue / Pb(lnCz) ) Pe(lnCz) ]$$

note: For the majority of the industries, k equals 1. Most industries have only one representative. Please refer to the 12/31/99 industry list found in Figure 10.

Figure 9

**Illustrative Embodiment using  
Common Shareholders Equity as Data Element**  
**Figure 10**

| Industry # |                                 |                                       | Dec99      |
|------------|---------------------------------|---------------------------------------|------------|
| Company #  | Industry                        | Company                               | Allocation |
| I1C1       | Auto & Truck                    | Ford Motor Company                    | .015469    |
| I2C1       | Auto Parts Replacement          | Tenneco Automotive Inc.               | .001171    |
| I2C2       | Metal Fabricating               | Genuine Parts Co.                     | .001171    |
| I3C1       | Tire & Rubber                   | Goodyear Tire & Rubber Co.            | .001886    |
| I4C1       | Home Appliance                  | Whirlpool Corp.                       | .001170    |
| I5C1       | Precision Instrument            | Eastman Kodak Co.                     | .003651    |
| I6C1       | Electric Utility East           | Southern Co.                          | .022500    |
| I6C2       | Electric Utility East           | Duke Energy Corp.                     | .004566    |
| I7C1       | Medical Supplies                | Johnson & Johnson                     | .018336    |
| I8C1       | Air Transport                   | AMR Corp/Del                          | .009865    |
| I9C1       | Trucking & Transport Leasing    | Hertz Corp.                           | .003152    |
| I10C1      | Maritime                        | Alexander & Baldwin Inc.              | .000666    |
| I11C1      | Railroad                        | Burlington Northern Santa Fe Corp.    | .012537    |
| I12C1      | Restaurant                      | McDonald's Corp.                      | .006068    |
| I13C1      | Industrial Services             | Autonation Inc.                       | .006414    |
| I14C1      | Environmental                   | Waste Management Inc.                 | .002743    |
| I15C1      | Petroleum Integrated            | Exxon Mobil Corp.                     | .022500    |
| I15C2      | Petroleum Integrated            | Royal Dutch Petroleum Company         | .022500    |
| I15C3      | Petroleum Integrated            | Chevron Corporation                   | .010132    |
| I16C1      | Natural Gas Diversified         | Enron Corp.                           | .010880    |
| I17C1      | Natural Gas Distribution        | KeySpan Corporation                   | .004107    |
| I18C1      | Chemical Specialty              | Rohm & Haas Co.                       | .007753    |
| I19C1      | Aerospace/Defense               | Boeing Co.                            | .013102    |
| I20C1      | Metal Fabricating               | Illinois Tool Works                   | .003356    |
| I21C1      | Steel General                   | Nucor Corp.                           | .002034    |
| I22C1      | Insurance - Property & Casualty | Berkshire Hathaway Inc.               | .022500    |
| I22C2      | Insurance - Property & Casualty | Allstate Corp.                        | .020504    |
| I23C1      | Medical Services                | Aetna Inc.                            | .016322    |
| I24C1      | Healthcare Information Systems  | IMS Health Inc.                       | .000576    |
| I25C1      | Electric Utility Central        | Texas Utilities Co.                   | .021736    |
| I26C1      | Telecommunications Service      | AT&T Corp.                            | .022500    |
| I26C2      | Telecommunications Service      | MCI Worldcom Inc.                     | .022500    |
| I26C3      | Telecommunications Service      | Bell Atlantic Corp.                   | .022500    |
| I26C4      | Telecommunications Service      | SBC Communications Inc.               | .015489    |
| I27C1      | Telecommunications Equipment    | Lucent Technologies Inc.              | .012174    |
| I28C1      | Drugstore                       | Walgreen Co.                          | .003262    |
| I29C1      | Auto Parts OEM                  | Delphi Automotive Systems             | .003254    |
| I29C2      | Auto Parts OEM                  | Magna International Inc.              | .003254    |
| I30C1      | Toiletries/Cosmetics            | Gillette Company                      | .001933    |
| I31C1      | Cable TV                        | Comcast Corp.                         | .001303    |
| I32C1      | Building Materials              | Masco Corp.                           | .002733    |
| I33C1      | Homebuilding                    | Centex Corp.                          | .002663    |
| I34C1      | Retail Building Supply          | Home Depot Inc.                       | .005868    |
| I35C1      | Cement & Aggregates             | Lafarge Corp.                         | .001908    |
| I36C1      | Furniture/Home Furnishings      | Leggett & Platt Inc.                  | .002013    |
| I37C1      | Paper & Forest Products         | International Paper Co.               | .015229    |
| I38C1      | Packaging & Container           | Crown Cork & Seal Co. Inc.            | .003779    |
| I39C1      | Household Products              | Procter & Gamble Co.                  | .007907    |
| I40C1      | Electrical Equipment            | General Electric Company              | .021617    |
| I41C1      | Electronics                     | JDS Uniphase Corp.                    | .007649    |
| I42C1      | Semiconductor                   | Intel Corp.                           | .022500    |
| I42C2      | Semiconductor                   | Motorola Inc.                         | .000938    |
| I43C1      | Semiconductor Capital Equipment | Applied Materials Inc.                | .001977    |
| I44C1      | Computer and Peripherals        | International Business Machines Corp. | .022500    |

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**Illustrative Embodiment using  
Common Shareholders Equity as Data Element  
Figure 10**

| Industry # |                                |                                    | Dec99      |
|------------|--------------------------------|------------------------------------|------------|
| Company #  | Industry                       | Company                            | Allocation |
| I44C2      | Computer and Peripherals       | Hewlett-Packard Co                 | .012071    |
| I45C1      | Office Equipment & Supply      | Xerox Corp.                        | .006040    |
| I50C1      | Thrift                         | Fannie Mae                         | .016325    |
| I51C1      | REIT                           | Equity Residential Props TR        | .006086    |
| I52C1      | Insurance - Life               | AXA Financial Inc.                 | .010915    |
| I53C1      | Gold/Silver Mining             | Barrick Gold Corp.                 | .002718    |
| I54C1      | Metals & Mining                | Alcoa Inc.                         | .006981    |
| I55C1      | Chemical - Basic               | Du Pont (E.I.) de Nemours          | .007654    |
| I56C1      | Drug                           | Merck & Co., Inc.                  | .022500    |
| I56C2      | Drug                           | Pfizer Inc.                        | .001399    |
| I56C3      | Drug                           | Bristol-Myers Squibb Co.           | .001399    |
| I57C1      | Machinery                      | Caterpillar Inc.                   | .011627    |
| I58C1      | Diversified                    | Tyco International Ltd.            | .018692    |
| I59C1      | Steel (Integrated)             | USX-U.S. Steel Group Inc.          | .001960    |
| I60C1      | Water Utility                  | American Water Works Inc.          | .000990    |
| I61C1      | Securities Brokerage           | Morgan Stanley Dean Witter & Compa | .018694    |
| I62C1      | Food Processing                | Unilever N.V.                      | .016838    |
| I63C1      | Grocery Store                  | Albertson's Inc.                   | .006290    |
| I64C1      | Food Wholesalers               | Supervalu Inc.                     | .001594    |
| I65C1      | Beverage (Alcoholic)           | Seagram Co. Ltd.                   | .006542    |
| I66C1      | Beverage (Soft Drinks)         | Coca-Cola Co.                      | .007334    |
| I67C1      | Manufactured Housing / RV      | Clayton Homes Inc.                 | .001019    |
| I68C1      | Tobacco                        | Philip Morris Companies Inc.       | .007888    |
| I69C1      | Educational Services           | Sylvan Learning Systems Inc.       | .000461    |
| I70C1      | Apparel                        | VF Corporation                     | .003100    |
| I71C1      | Textile                        | Springs Industries Inc.            | .001073    |
| I72C1      | Retail Store                   | Wal-Mart Stores Inc.               | .022500    |
| I72C2      | Retail Store                   | Penney (J.C.) Co.                  | .002143    |
| I73C1      | Shoe                           | Nike Inc.                          | .001704    |
| I74C1      | Retail Special Lines           | Toys R US Inc.                     | .010486    |
| I75C1      | Electric Utility West          | PG&E Corp.                         | .010671    |
| I76C1      | Recreation                     | Carnival Corp.                     | .006109    |
| I77C1      | Entertainment                  | Walt Disney (Hlids) Co             | .022500    |
| I77C2      | Entertainment                  | Viacom Inc.                        | .001375    |
| I78C1      | Hotel/Gaming                   | Park Place Entertainment Corp.     | .004802    |
| I79C1      | Publishing                     | McGraw-Hill Companies Inc.         | .002335    |
| I80C1      | Newspaper                      | Gannett Co. Inc.                   | .005492    |
| I81C1      | Advertising                    | Interpublic Group Cos. Inc.        | .001345    |
| I82C1      | Petroleum Producing            | Burlington Resources Inc.          | .003315    |
| I83C1      | Oilfield Services              | Schlumberger Ltd.                  | .011022    |
| I84C1      | Chemical Diversified           | Minnesota Mining & Mfg Co          | .007801    |
| I85C1      | Bank                           | Bank of America Corp.              | .022500    |
| I85C2      | Bank                           | Wells Fargo Company                | .022500    |
| I85C3      | Bank                           | Chase Manhattan Corp.              | .022500    |
| I85C4      | Bank                           | Bank One Corp.                     | .016981    |
| I86C1      | Financial Services Diversified | Citigroup Inc.                     | .022500    |
| I86C2      | Financial Services Diversified | American International Group       | .022500    |
| I86C3      | Financial Services Diversified | Loews Corp.                        | .005281    |
| I86C4      | Financial Services Diversified | American Express Company           | .005281    |
| I87C1      | Computer Software & Services   | Microsoft Corp.                    | .022500    |
| I87C2      | Computer Software & Services   | Electronic Data Systems            | .002377    |
| I88C1      | Internet                       | At Home Corp.                      | .006470    |

# Individual Representation Within Industry for All Companies in the Selected Universe

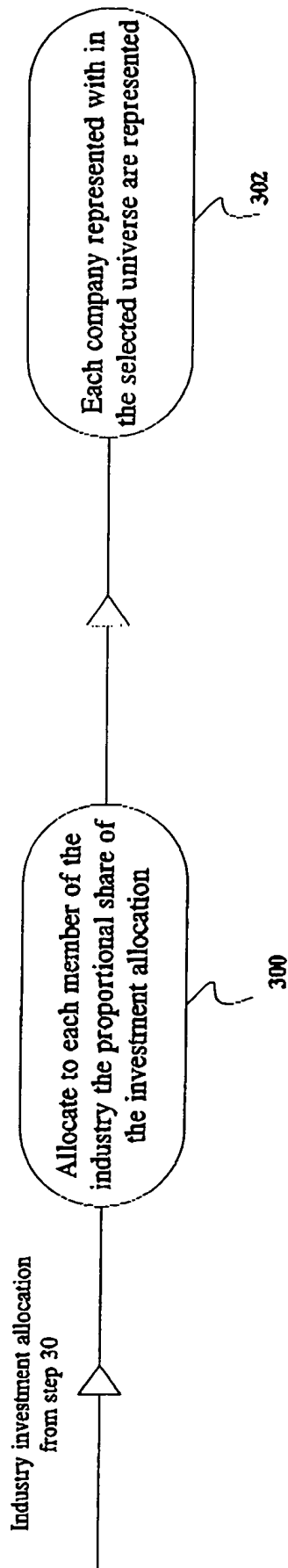


Figure 11